



FILM OR MUSIC PROJECT CREDIT

FORM **562** 2011

See Tax Credit Moratorium on page 2.

Name as Shown on Return (Investor) _____	Social Security Number or Federal Employer Identification Number _____
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GENERAL INFORMATION

FOR INVESTORS WHOSE 2011 FISCAL YEAR ENDS ON OR AFTER JULY 1, 2012

A credit is allowed equal to 25% of the amount of profit made from an investment in an existing Oklahoma film or music project produced after July 1, 2005. To qualify, the investment must be with the production company that paid for production costs of the project, and the profit earned shall be reinvested with the production company to pay for production costs of a new Oklahoma film or music project.

PART 1 – ORIGINAL INVESTMENT

1. Date of Investment _____	
2. Name of Production Company _____	
3. Federal Employer Identification Number _____	4. Date Production Began _____
5. Name and Description of Film or Music Project _____ _____	
6. Amount of Investment.....	
7. Profit on Original Investment.....	

PART 2 – REINVESTMENT OF PROFITS

1. Date of Reinvestment _____	
2. Name and Description of Film or Music Project _____ _____	
3. Amount of Reinvestment	

PART 3 – CREDIT COMPUTATION

1. Amount of Reinvestment on or after July 1, 2012 (Part 2, line 3). (See Tax Credit Moratorium on page 2).....	
2. Rate	25%
3. Amount of Credit (multiply line 1 by line 2; enter here and on Form 511CR, line 28).....	

FILM OR MUSIC PROJECT CREDIT
68 OKLAHOMA STATUTES (OS) SEC. 2357.101

TAX CREDIT MORATORIUM

No credit may be claimed for reinvestments occurring during the period of July 1, 2010 through June 30, 2012, for which the credit would otherwise be allowable. This credit may be claimed for tax year 2012 and subsequent tax years, for reinvestments on or after July 1, 2012, of the profit from the investment in an existing Oklahoma film or music project with a production company for a new Oklahoma film or music project.

INSTRUCTIONS

Prepare a separate Form 562, for each investment in an Oklahoma film or music project, in the tax year in which the profit is reinvested.

Part One:

Enter information for your investment in an existing Oklahoma film or music project. The investment must have been with a production company and used to pay for production costs.

Line 1: Enter the date on which you made the investment in an existing Oklahoma film or music project.

Line 2: Enter the name of the Production Company with which the investment was made.

Line 3: Enter the Federal Identification Number of the production company with which the investment was made.

Line 4: Enter the date production of the existing Oklahoma film or music project began.

Line 5: Enter the name and description of the existing Oklahoma film or music project in which you invested with the production company listed on line 2.

Line 6: Enter the amount of your investment.

Line 7: Enter the profit you received from the project listed on line 5. "Profit" means the amount made by the taxpayer to be determined as follows:

- a) the gross revenues less gross expenses, including direct production, distribution and marketing costs and an allocation of indirect overhead costs, of the film or music project shall be multiplied by,
- b) a ratio, the numerator of which is Oklahoma production costs and the denominator of which is total production costs which shall be multiplied by,
- c) the percent of the taxpayer's taxable income allocated to Oklahoma in a taxable year, and
- d) subtract from the result of the formula calculated from steps a through c of this paragraph the profit made by a taxpayer from investment in an existing Oklahoma film or music project in previous taxable years. Profit shall include either a net profit or net loss.

Part Two:

Enter information for your reinvestment of the profits, as shown on Part One, line 7. The reinvestment must be in a new Oklahoma film or music project with the same production company as listed in Part One, line 2. The investment must be used to pay for production costs.

Line 1: Enter the date when your profit was reinvested into a new Oklahoma film or music project. The date must be during this tax year.

Line 2: Enter the name and description of the new Oklahoma film or music project in which you invested your profit.

Line 3: Enter only the portion of your profit you have reinvested in the new Oklahoma film or music project with the production company listed in Part One, line 2.

Part Three:

The credit is 25% of the profit which has been reinvested on or after July 1, 2012, to pay for the production costs of a new Oklahoma film or music project.

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68 OS SEC. 2357.101

DEFINITIONS

“Existing Oklahoma film or music project” means a film or music project produced after July 1, 2005.

“Investment” means costs associated with the original production company. Film or music projects acquired from an original production company do not qualify as investment.

“Film” means a professional single media, multimedia program or feature, including, but not limited to, national advertising messages that are broadcast on a national affiliate or cable network, fixed on film or digital video, which can be viewed or reproduced and which is exhibited in theaters, licensed for exhibition by individual television stations, groups of stations, networks, cable television stations or other means or licensed for home viewing markets. The term does not include child pornography as defined in 21 OS Sec. 1024.1(A) or obscene material as defined in 21 OS Sec. 1024.1(B)(1).

“Music project” means a professional recording released on a national or international level, whether via traditional manufacturing or distributing or electronic distribution, using technology currently in use or future technology including, but not limited to, music CDs, radio commercials, jingles, cues, or electronic device recordings.

“Production company” means a person who produces a film or music project for exhibition in theaters, on television or elsewhere.

“Oklahoma production cost” means that portion of total production costs which are incurred with any qualified vendor.

“Total production cost” includes, but is not limited to:

- wages or salaries of persons who have earned income from working on a film or music project in this state, including payments to personal services corporations with respect to the services of qualified performing artists, as determined under Section 62(a) of the Internal Revenue Code,
- the cost of construction and operations, wardrobe, accessories and related services,
- the cost of photography, sound synchronization, lighting and related services,
- the cost of editing and related services,
- rental of facilities and equipment, and
- other direct costs of producing a film or music project.

“Qualified vendor” means an Oklahoma entity which provides goods or services to a production company and for which:

- fifty percent (50%) or more of its employees are Oklahoma residents, and
- fifty percent (50%) or more of gross wages, as reported on Internal Revenue Service Form W-2 or Form 1099, are paid to Oklahoma residents.

For purposes of this “Qualified vendor” definition, an employee shall include a self-employed individual reporting income from a qualified vendor on Federal Form 1040.

NOTICE

Effective July 1, 2011.

Tax credits transferred or allocated must be reported on Oklahoma Tax Commission Form 569. Failure to file Form 569 will result in the affected credits being denied by the Oklahoma Tax Commission pursuant to 68 OS Sec. 2357.1A-2.